

**Before the  
FEDERAL COMMUNICATIONS COMMISSION  
Washington, D.C. 20554**

In the Matter of	)	
	)	
Connect America Fund	)	WC Docket No. 10-90
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**REPLY COMMENTS OF THE ALASKA RURAL COALITION**

Shannon M. Heim  
Elizabeth Gray Nuñez  
Dorsey & Whitney LLP  
1031 West 4th Avenue, Suite 600  
Anchorage, AK 99501  
(907) 276-4557

50 S. Sixth Street, Suite 1500  
Minneapolis, MN 55402  
(612) 340-8899

*Counsel for the Alaska Rural Coalition*

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## **I. Introduction.**

The Alaska Rural Coalition<sup>1</sup> (“ARC”) files its Reply Comments in this proceeding pursuant to the *Public Notice* issued by the Federal Communications Commission (“Commission”) on January 17, 2013 seeking comment on the Commission’s design for the Remote Areas Fund.<sup>2</sup> The Commission’s November 18, 2011 *Transformation Order* directed the creation of a Remote Areas Fund (“RAF”) “to ensure that even Americans living in the most remote areas of the nation, where the cost of providing terrestrial broadband service is extremely high, can obtain service.”<sup>3</sup> The ARC joins the chorus of Commenters serving rural areas in asserting that a consumer subsidy for satellite services represents a poor use of the RAF that will fail to accomplish the Commission’s goal.<sup>4</sup> Commenters have explained the myriad of reasons such a subsidy will not be effective, including the need for ongoing customer service, lack of satellite coverage in many remote areas, and, most importantly, the fact that satellite-based connections cannot provide the speeds and latency necessary to truly replace terrestrial

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<sup>1</sup> The ARC is composed of Arctic Slope Telephone Association Cooperative, Inc., Bettles Telephone, Inc., Bristol Bay Telephone Cooperative, Inc., Bush-Tell, Inc., Circle Telephone & Electric, LLC, Cordova Telephone Cooperative, Inc., Copper Valley Telephone Cooperative, Inc., City of Ketchikan, Ketchikan Public Utilities, Matanuska Telephone Association, Inc., OTZ Telephone Cooperative, Inc., Interior Telephone Company, Mukluk Telephone Company, Inc., Alaska Telephone Company, North Country Telephone Inc., Nushagak Electric and Telephone Company, Inc., The Summit Telephone and Telegraph Company, Inc., and Yukon Telephone Company, Inc.

<sup>2</sup> Federal Communications Commission, *Wireline Competition Bureau Seeks Further Comment on Issues Regarding the Design of the Remote Areas Fund*, Public Notice, DA-13-69 (Jan. 17, 2013) (“*RAF Public Notice*”).

<sup>3</sup> *Transformation Order* at 17837-38, paras. 533-34.

<sup>4</sup> See, e.g., *Comments of the Alaska Rural Coalition Concerning the Remote Areas Fund*, WC Docket No. 10-90, before the FCC (Feb. 19, 2013); *Comments of General Communication, Inc. On Design of the Remote Areas Fund*, WC Docket No. 10-90, before the FCC (Feb. 19, 2013) (“*GCI Comments*”); *Comments of the National Exchange Carrier Association, Inc., National Telecommunications Cooperative Association, Western Telecommunications Alliance, and Eastern Rural Telecom Association*”, WC Docket No. 10-90, before the FCC (Feb. 19, 2013) (“*NECA Comments*”); *Comments of Alaska Communications Systems*, WC Docket No. 10-90, before the FCC (Feb. 19, 2013) (“*ACS Comments*”); *Comments of the Blooston Rural Carriers*, WC Docket No. 10-90, before the FCC (Feb. 19, 2013) (“*Blooston Comments*”).

broadband.<sup>5</sup> At least for the areas of Alaska without this basic infrastructure, the Commission should direct the RAF towards buildout of terrestrial facilities available to carriers on a nondiscriminatory basis and access to existing facilities.<sup>6</sup>

The ARC membership consists of most of the rate of return incumbent rural local exchange carriers (“RLECs”) in Alaska, who face the unique challenges of meeting nationwide standards while providing services to our nation’s wildest, remotest, and highest-cost areas. As the ARC and other Alaska parties have indicated to the Commission, Alaska continues to lack terrestrial fiber facilities across the majority of the state.<sup>7</sup> Even where terrestrial facilities are in place, access to those facilities is not being offered at reasonable, nondiscriminatory wholesale rates.<sup>8</sup> The ARC agrees with other Alaska Commenters that the Commission must carve out a portion of the RAF to address Alaska’s lack of widespread, affordable and robust middle mile networks, without which the Commission’s goals for service to citizens in Remote Areas cannot be met.

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<sup>5</sup> *See id.*

<sup>6</sup> *See Comments of the Alaska Rural Coalition Concerning the Remote Areas Fund*, WC Docket No. 10-90, before the FCC (Feb. 19, 2013) (“*ARC RAF Comments*”) at 5 (“Rather than satellite, the primary need for RAF funding in Alaska is for buildout of middle mile infrastructure. For Alaska, an annual “subsidy” directed at building terrestrial middle mile will be infinitely more effective than individual consumer subsidies for satellite, which will never provide Alaskans the speeds and reliability necessary to meet the Commission’s universal service goals.”).

<sup>7</sup> *Reply Comments of the Regulatory Commission of Alaska, in the matter of Connect America Fund*, et. al., WC Docket No. 10-90, Docket No. 09-51, WC Docket No. 07-135, WC Docket No. 05- 337, CC Docket No. 01-92, CC Docket No. 96-45, WC Docket No. 03-109, before the FCC (Feb. 17, 2012) (“*RCA Reply Comments*”) at 7 (“Extremely limited fiber facilities and lack of access to the Internet are unique to Alaska and require unique solutions.”).

<sup>8</sup> *ARC RAF Comments* at 8- 9 (“The small, rural carriers, all ARC members, who serve the areas adjacent to the TERRA-SW Project, would like to purchase terrestrial backhaul, but the price provided by UUI/GCI far exceeded the cost of purchasing satellite backhaul and places it beyond the reach of rural carriers absent Commission support. The ARC’s understanding is that UUI/GCI’s quote reflects the price it charges via the E-Rate Program. Leaving aside the debate of whether or not that price should be cost-based, its current price is prohibitive for ARC members, who cannot pass on such high costs to end-user customers.”).

## **II. A Satellite Consumer Subsidy Program Will Not Work For Alaska And Other Remote Areas.**

### **A. Alaska's Lack of Terrestrial Infrastructure Makes It A Unique Remote Area That Requires A Unique Solution From the Remote Areas Fund.**

The ARC agrees with other Commenters from Alaska that the Commission should unquestionably “take into consideration the unique characteristics of locations like Alaska or Hawaii in determining areas eligible for Remote Areas funding.”<sup>9</sup> Specifically, the ARC respectfully urges the Commission to heed the warnings of all Alaska parties that satellite coverage simply cannot serve as an effective substitute for terrestrial broadband in Alaska.<sup>10</sup> Failing to build out key terrestrial transport in Alaska will consign many Alaskans living in our nation’s remotest areas to permanent second-class status as broadband consumers. Satellite will never adequately replace the quality, speeds, dependability, and latency of terrestrial broadband.

The ARC agrees with the assessment of other Alaska parties, including General Communication, Inc. (“GCI”) and Alaska Communications Systems, Inc. (“ACS”), that satellite-based broadband services are simply not available in many areas of rural Alaska.<sup>11</sup> The ViaSat-1 satellite covers only the most populated areas of Alaska, many of which are also served by some terrestrial infrastructure.<sup>12</sup> Alaska’s harsh geography, terrain and weather mean that even Alaskans within reach of the satellite beam will experience ongoing challenges with obtaining

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<sup>9</sup> *RAF Public Notice* at para. 7; *see also ARC RAF Comments* at 6; *GCI Comments* at 3; *ACS Comments* at 3-4.

<sup>10</sup> *GCI Comments* at 3.

<sup>11</sup> *GCI Comments* at 3; *ACS Comments* at 5.

<sup>12</sup> ViaSat, High-Capacity Satellite System and ViaSat-1, <http://www.viasat.com/broadband-satellite-networks/high-capacity-satellite-system> (last visited Mar. 14, 2013).

and maintaining satellite service for high-speed broadband.<sup>13</sup> As ACS indicated, satellite technology's dependence on line-of-sight communication in combination with Alaska's latitude and topography mean that installation and maintenance of satellite equipment are no easy tasks.<sup>14</sup> Alaska Commenters similarly agree that satellite's latency will never support the high-capacity services necessary in Remote Areas such as telemedicine and distance learning.<sup>15</sup>

The Commission's current approach to deployment of high-speed broadband in remote areas may make sense for remote consumers in the Lower 48, but it is fundamentally inappropriate for Alaska. Alaska represents our nation's wildest remaining lands—it is the nation's "final frontier." Consistent with the fact that many areas of Alaska lack roads and other modern infrastructure, remote Alaskan communities still lack access to the fiber networks necessary to provide reliable, high-capacity, high-speed broadband. Without public investment in middle mile buildout to connect these communities' existing last-mile networks to the larger world, the Commission risks leaving these citizens out in the cold for good.

The ARC supports the suggestion that the Commission should focus RAF funds on "connecting communities" rather than connecting citizens on an individual by individual basis.<sup>16</sup> Large-scale support directed at building out terrestrial middle mile and making existing terrestrial middle mile affordable to carriers is the only logical solution for achieving the

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<sup>13</sup> *ARC USF Comments* at 26 ("Ice, snow, high winds, and other harsh winter weather in Alaska will make satellite installation at customer homes so unsafe as to be considered impossible for six months out of the year. Alaska's rugged landscape can interfere with a clear signal—mountains and even trees can completely block the satellite beam in particular locations. Customers may not know whether or not they can reach the satellite signal's coverage until after they install satellite equipment and forego other service opportunities.").

<sup>14</sup> *ACS Comments* at 5.

<sup>15</sup> *ARC RAF Comments* at 3-4; *GCI Comments* at 4; *ACS Comments* at 5.

<sup>16</sup> *GCI Comments* at 3.

Commission’s goals for broadband services in remote areas of Alaska.<sup>17</sup> Connecting Remote Alaskan communities to the larger nationwide infrastructure simply makes sense, both regarding available speed/ latency and regarding long-term costs to carriers and consumers.

The ARC strongly supports the National Exchange Carrier Associations’ (“NECA”) proposal that the Commission consider designating a portion of RAF support as a pilot program to determine best practices for RAF distribution and design.<sup>18</sup> Such a pilot program would allow the Commission to test policies for the RAF on a statewide level and receive ongoing feedback from state regulators, Alaska carriers, and individual consumers. In the words of Justice Brandeis, the Commission could allow Alaska to “serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country.”<sup>19</sup>

Adopting an Alaska pilot program “in cooperation with state commissions and other entities having knowledge of localized conditions in remote areas,” as NECA suggests, will ensure that funds are directed appropriately within the state to the areas with greatest need.<sup>20</sup> Terrestrial buildout is necessary for the long-term future of broadband in Alaska. Making Alaska a pilot program for the RAF provides the Commission the opportunity to solve the Alaska broadband problem once and for all and quiet the ongoing clamor of voices from Alaska concerning the *Transformation Order*.

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<sup>17</sup> *ARC RAF Comments* at 7-13, and at 7 (“Assigning a portion of the Remote Areas Fund to address the lack of middle mile in Alaska would bring real and sustainable change to the broadband map by completing the already in place, cost-effective last-mile infrastructure that is already capable of delivering broadband services.”); *GCI Comments* at 4 (“In Alaska, the key to maximizing broadband-deployment benefits is directly or indirectly (through supporting ETC capacity purchases) supporting the continued development and deployment of middle-mile facilities capable of sustaining both mass-market and community anchor tenant broadband services.”).

<sup>18</sup> *NECA Comments* at 7.

<sup>19</sup> *New State Ice Co. v. Lieberman*, 285 U.S. 262 (1932).

<sup>20</sup> *NECA Comments* at 7.

**B. The ARC And Other Carriers Serving Remote Areas Agree That Satellite Cannot Effectively Replace Terrestrial Facilities.**

The ARC joins other rural carriers in exhorting the Commission to give due and equal consideration to an alternative structure for the RAF rather than a portable consumer satellite subsidy program.<sup>21</sup> Commenters have raised serious and important questions about the potential effectiveness of such a program and about whether it could be implemented successfully.<sup>22</sup> The ARC and other Alaska Commenters have already made clear that satellite coverage is limited in some areas of Alaska, and simply is not available to large portions of the state.<sup>23</sup> Even where satellite signals are available, satellite technology simply does not measure up to terrestrial-based broadband. The Blooston Rural Carriers are correct that “[i]t makes little sense to devise a program around these technologies when it is not clear that they will be a viable option to any particular area or at all.”<sup>24</sup> Furthermore, by choosing satellite technology as a long-term solution for Remote Areas, the Commission will be making the clear decision that customers in those areas will not enjoy broadband capable of supporting the Commission’s desired speed/latency for the foreseeable future, leaving those customers as second class citizens.

Additional terrestrial infrastructure is necessary to provide remote areas with comparable broadband service at the Commission’s requested benchmarks. The ARC and NECA concur that RAF support “should be focused toward the provider’s recovery of costs incurred to provide the service,” because carriers will be an integral part to building, maintaining and servicing the needed infrastructure in Remote Areas.<sup>25</sup> Even if the Commission chooses to abandon the promise of

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<sup>21</sup> NECA Comments at 3; Blooston Comments at 2.

<sup>22</sup> NECA Comments at 8-9; Blooston Comments at 3; GCI Comments at 5.

<sup>23</sup> See *supra* p. 4-5.

<sup>24</sup> Blooston Comments at 2.

<sup>25</sup> NECA Comments at 14.

terrestrial infrastructure in these areas, the Commission must somehow address key concerns about how a consumer satellite subsidy program would operate without on-the-ground, ongoing customer service from existing carriers.<sup>26</sup>

Other problems remain for the Commission's contemplated portable satellite subsidy program in addition to the question of customer service. As NECA indicated, consumer "vouchers" can lead to competitors cherry-picking lower-cost segments of RAF-eligible areas, leaving incumbent COLRs to serve only the remaining highest cost portions of the exchange area without additional support.<sup>27</sup> This could in turn make it difficult for COLRs to maintain their ongoing obligations governed by state law.<sup>28</sup> Also, as the Commission has found with the Lifeline consumer voucher program, there are significant concerns about how a satellite consumer voucher program would be administered to prevent consumer fraud.<sup>29</sup> Given all of these problems and unanswered questions, along with satellite's fundamental inferiority to terrestrial broadband, the ARC urges the Commission to give serious consideration to other structures for the RAF than a consumer satellite subsidy program.

### **III. Developing Accurate Data Is Critical To The Success Of The Remote Areas Fund.**

The ARC joins most other Commenters in urging the Commission to proceed with caution when choosing the data that will be used to determine areas' eligibility for RAF support. The effectiveness of the RAF will depend largely on the quality and accuracy of the data that the Commission employs to distribute the fund.<sup>30</sup> As the ARC and other parties have repeatedly

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<sup>26</sup> *ARC USF Comments* at 25-26.

<sup>27</sup> *NECA Comments* at 8-9.

<sup>28</sup> *Blooston Comments* at 3-4.

<sup>29</sup> *NECA Comments* at 8-9; *Blooston Comments* at 3; *ARC RAF Comments* at 18.

<sup>30</sup> *Comments of the State of Hawaii, in re Connect America Fund*, Docket No. 10-90 (Feb. 19, 2013) ("*Hawaii Comments*") at 2.



made clear, neither currently proposed cost models nor the National Broadband Map represent data sets that will effectively indicate which areas have the greatest need for the RAF.<sup>31</sup>

At the very least, the Commission must provide a mechanism by which parties can challenge the data it chooses to employ, including some form of due process beyond this rulemaking proceeding.<sup>32</sup> The ARC believes that a more detailed comment process is necessary when determining such crucial support. Unless the data supporting the RAF's deployment has been thoroughly vetted, or unless the Commission achieves some form of consensus among rural parties that the data is at least somewhat accurate, the Commission risks distributing support via a mechanism that is little more than arbitrary.<sup>33</sup>

The ARC agrees with the State of Hawaii that the Commission's current approaches to determining RAF eligibility are particularly flawed for Alaska and Hawaii.<sup>34</sup> These states each have singularly unique characteristics, both geographically and in terms of broadband deployment and broadband needs. The ARC supports Hawaii's proposal that the Commission set up a self-reporting system in which individual consumers, municipalities, and companies can self-report "Broadband Dead Zones."<sup>35</sup>

The ARC also believes that the Commission should leverage the state-specific experience and knowledge of state regulatory commissions in determining unserved areas eligible for RAF support. The Regulatory Commission of Alaska, for example, would be an excellent partner in determining the best uses of RAF funding for the state. There are many possibilities for

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<sup>31</sup> *NECA Comments* at 2; *Blooston Comments* at 4-5.

<sup>32</sup> *ARC RAF Comments* at 18.

<sup>33</sup> *NECA Comments* at 7.

<sup>34</sup> *Hawaii Comments* at 4.

<sup>35</sup> *Hawaii Comments* at 3.

improving the data the Commission employs for determining RAF eligibility, including self-reporting, further comment procedures, and partnerships with state commissions. What is important is that the Commission choose some way to improve the existing models for distribution.

**IV. Disturbing RAF Recipients' Other High-Cost Support Will Threaten Service To Remote Areas.**

The ARC has made clear to the Commission that it will devastate the future of competition in Alaska's telecommunications market should the Commission interrupt other high-cost support when carriers receive RAF funding.<sup>36</sup> As NECA points out, companies impacted by the \$250/line/month cap "*have already been identified* in this proceeding as being too costly to support with traditional high-cost funding."<sup>37</sup> The Commission must focus on providing support to these areas, rather than focusing initially on avoiding duplicative services or cutting costs. To do otherwise simply puts the cart before the horse.

The Commission's goal of ensuring quality services to customers in remote areas is completely at odds with its proposal to reduce high-cost support to carriers serving those areas.<sup>38</sup> Existing support is necessary to provide existing services, and carriers' ability to serve customers in remote areas depends on stable funding to overcome the extraordinary costs of service to those customers. If the Commission wishes for rural carriers to improve their quality and speed of their broadband offerings, it must not shy away from the investment necessary to implement those improvements.

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<sup>36</sup> ARC RAF Comments at 20-21.

<sup>37</sup> NECA Comments at 10.

<sup>38</sup> NECA Comments at 11.

**V. Conclusion.**

The ARC believes that the RAF has the potential to help solve the fundamental lack of middle mile infrastructure facing most of Alaska. Providers compete with each other and often disagree on intrastate issues, but we are unified in our call for RAF support towards terrestrial transport in Alaska. All stakeholders in Alaska agree that portable consumer subsidies for satellite broadband service will not achieve the Commission's stated goals in establishing the RAF. The ARC believes a large-scale award of support towards deployment of terrestrial infrastructure represents the best future for broadband deployment in Alaska.

Respectfully submitted on this 18<sup>th</sup> day, March, 2013.

DORSEY & WHITNEY LLP  
Attorneys for the Alaska Rural Coalition

By: /s/ Shannon M. Heim  
Shannon M. Heim  
Elizabeth Gray Nuñez

1031 West 4<sup>th</sup> Avenue, Suite 600  
Anchorage, AK 99501  
Telephone: (907) 276-4557  
Facsimile: (907) 276-4152

50 S. Sixth Street, Suite 1500  
Minneapolis, MN 55402  
Telephone: (612) 340-8899  
Facsimile: (612) 340-2868  
Email: [heim.shannon@dorsey.com](mailto:heim.shannon@dorsey.com)  
[gray.nunez.elizabeth@dorsey.com](mailto:gray.nunez.elizabeth@dorsey.com)